

## Message Text

LIMITED OFFICIAL USE

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43

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 COME-00 AGR-05 L-03 INR-07 /029 W  
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R 060913Z FEB 76

FM AMEMBASSY ADDIS ABABA  
TO SECSTATE WASHDC 8050

LIMITED OFFICIAL USE ADDIS ABABA 1510

E.O. 11652: N/A  
TAGS: BDIS ET  
SUBJECT: VOLKART BROS, INC., DIFFICULTIES WITH ETHIOPIAN COFFEE  
EXPORTER

1. BEGIN LIMITED OFFICIAL USE. FYI, COMMERCIAL ATTACHE RECENTLY RECEIVED TELEX FROM VOLKART BROS, NEW YORK, REGARDING DIFFICULTIES THEY ARE HAVING WITH ALL EXPORTS LIMITED, ADDIS ABABA, A COFFEE EXPORTER. DURING THE MONTH OF DEC, VOLKART BOUGHT 2100 TONS OF COFFEE OF WHICH ONLY 250 TONS HAVE BEEN EXPORTED. ACCORDING TO VOLKART, ALL EXPORTS HAD RUN INTO FINANCIAL DIFFICULTIES AND WAS UNABLE TO MEET THE BALANCE OF ITS PURCHASE COMMITMENTS. THEY ASKED THE EMBASSY FOR ANY ASSISTANCE WHICH IT COULD PROVIDE IN HELPING THEM REVOLVE THEIR DIFFICULTIES. THE ECONOMIC/COMMERCIAL COUNSELOR CALLED ON ATO YUSSUF IBRAHIM, GENERAL MANAGER OF THE ADDIS BANK, WHICH IS ALL EXPORTS' MAJOR BANKER AND ASCERTAINED THAT THE MAJOR SHAREHOLDER AND GENERAL MANAGER OF ALL EXPORTS, MR. MUMAR KOTHARI, HAD BEEN ARRESTED AROUND DEC 26, WAS RELEASED ONE MONTH LATER BUT IS LIKELY TO BE ARRESTED AGAIN, FOR PASSING BAD CHECKS. ACCORDING TO THE GENERAL MANAGER, ALL EXPORTS HAS BEEN A HIGHLY QUESTIONABLE BUSINESS ENTERPRISE FOR MANY YEARS AND ANYONE DOING BUSINESS WITH THEM HAD TO PROCEED WITH GREAT CAUTION. KNOWLEDGEABLE COFFEE EXPORTERS IN ADDIS CONFIRM THAT ALL EXPORTS HAS INDEED A QUESTIONABLE REPUTATION AND OWES NUMEROUS CREDITORS SUBSTANTIAL AMOUNTS OF MONEY. END FYI. END LIMITED OFFICIAL USE.

2. BEGIN UNCLASSIFIED. IF THE DEPARTMENT PERCEIVES NO OBJECTIONS, EMBASSY SUGGESTS THE FOLLOWING MESSAGE BE PASSED TO LIMITED OFFICIAL USE

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PAUL RITTER, VICE PRESIDENT, VOLKART BROS, INC, NEW YORK:

QUOTE: AFTER RECEIVING YOUR TELEX DATED JAN 29 AND DISCUSSING THE SITUATION DESCRIBED THEREIN WITH YOUR AGENT, ATO HAILU GEBRE-HIWOT, THE ECONOMIC/COMMERCIAL COUNSELOR OF THE EMBASSY CALLED ON ATO YUSSUF IBRAHIM, GENERAL MANAGER, ADDIS BANK (SUCCESSOR BANK TO ADDIS ABABA BANK), TO DISCUSS THE DIFFICULTIES YOU HAVE BEEN EXPERIENCING WITH ALL EXPORTS LIMITED. ATO YUSSUF STATED THAT THE ADDIS BANK HAD NOT ASSUMED MANAGEMENT OF ALL EXPORTS AS THE BROTHER OF MR. KUMAR KOTHARI CONTINUED TO MANAGE THE COMPANY FOLLOWING KUMAR KOTHARI'S ARREST. KUMAR KOTHARI WAS RELEASED THE LAST WEEK IN JANUARY AND HAS RESUMED MANAGEMENT OF ALL EXPORTS. ATO YUSSUF ALSO STATED THAT THE BANK DID NOT REPEAT NOT GIVE ANY ASSURANCES TO REPRESENTATIVES OF YOUR FIRM THAT THE COMMITMENTS OF ALL EXPORTS WOULD BE MET BY THE BANK. APPARENTLY ALL EXPORTS OWES MONEY TO A LARGE NUMBER OF INDIVIDUALS AND FIRMS IN ADDIS AND ABROAD, SOME OF WHOM HAVE TAKEN THE COMPANY TO COURT. MOREOVER, THE ASSETS OF THE COMPANY ARE VERY SMALL COMPARED TO ITS LIABILITIES. IN LIGHT OF THIS SITUATION, THE GENERAL MANAGER INDICATED THERE WAS NO POSSIBILITY OF THE ADDIS BANK BEING ABLE TO MEET THE COMMITMENTS MADE BY ALL EXPORTS LIMITED TO YOUR FIRM. ATO YUSSUF ALSO NOTED THAT ALL EXPORTS HAS BEEN IN VERY SHAKEY FINANCIAL CONDITION FOR AT LEAST THE PAST 18 MONTHS, AN OPINION SUPPORTED BY LOCAL TRADE SOURCES. YOU MAY WISH TO CONSIDER LEGAL STEPS AGAINST ALL EXPORTS;? HOWEVER, GIVEN THE FINANCIAL STATUS OF THE FIRM IT DOES NOT SEEM LIKELY THAT A COURT CASE AGAINST IT WOULD BE FRUITFUL, BUT THAT DECISION, OF COURSE, IS UP TO YOU. THE FOREGOING HAS BEEN DISCUSSED WITH YOUR AGENT, ATO HAILU GEBRE-HIWOT.

UNQUOTE.

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